

continuous auction market, its market must have adequate "depth," a need that is generally recognized in listing and delisting standards. The depth of buying and selling, according to the report, is directly affected by the round-lot unit of trading; thus a reduction in the round-lot trading unit (100 shares) would tend to add to the flow of buy and sell orders constituting the depth of the market at any given time. Accordingly, the study recommends a "Government-industry study of the feasibility and desirability of reducing the round-lot unit for all or some securities."

#### INSTITUTIONAL PARTICIPATION AND BLOCK TRANSACTIONS

The report emphasizes the growing importance of institutions relative to individuals as investors in stocks, although pointing out that the holdings and trading of stocks by institutions are still considerably less important than those of individuals. The report also notes the "special importance" of institutions to the trading markets resulting from their large unit holdings and the concentration of decision making power in relatively few investor units.

Institutional transactions showed concentrations in issues listed on the NYSE. Transactions executed on the regional exchanges involve for the most part NYSE issues and most were by the open-end investment companies. While the NYSE is the most important market channel for institutional transactions in listed stocks, many institutions indicated that their use of the over-the-counter markets for listed stocks has been increasing in recent years.

The report also states that while the investment companies (mutual funds) have noticeably higher stock turnover rates than other institutions, the turnover of the institutional portfolios as a whole was lower than the NYSE market. The institutions' lower turnover rates "raises questions concerning the consequences of possible further increase in institutionalization of the markets for stocks," which may include the possible further "thinning of the markets in particular issues."

Most institutions were found to have concentrated their commission business among relatively few brokers: no more than 10 firms tended to account for more than 20 percent of the business of each institution. NYSE member firms received more than two-thirds of the total institutional commission business for the period studied.

#### PENSION FUNDS

With respect to pension funds, the report observes that while they are one of the most important institutional-investor groups and are growing at the fastest rate, "they are notable for the dearth of information publicly available on their holdings." The report concludes the Commission should recommend that the Federal Welfare and Pension Plans Disclosures Act be amended to require "periodic" disclosures by pension funds of their holdings of individual corporate securities.

#### OVER-THE-COUNTER MARKETS IN EXCHANGE-LISTED SECURITIES

The special study reports that one of the most striking developments in the securities markets in recent years has been the growth of a market away from the floor of the stock exchanges for securities traded on the exchanges. Because of the market's unique character, combining elements of both the exchange markets and the over-the-counter markets, the study refers to it as "the third market."

The size of this third market may be judged, according to the report, by the fact that in 1961 markets were made for 270 common stocks traded on the NYSE. The study points out that while the volume of this market is approximately only 14 percent of NYSE volume, it has more than doubled in

the past 20 years and appears to be continuing to expand. The percentage increase in volume of such trading between 1955 and 1961 was three times the percentage increase in volume on the NYSE. The list of stocks is described as large, diversified and steadily expanding.

Unlike the off-board trading of listed stocks of earlier years, which tended to concentrate in issues of high quality and low activity, the list now includes some of the most actively traded stocks on the NYSE, as well as those in the highest size ranges, whether measured by number of stockholders or of shares outstanding or dollar amount of assets.

A notable characteristic of the market is the stress on very large and very small transactions. The large transactions, it states, are hardly unexpected since the handling of block transactions by institutions has long been accepted as a prime function of the third market. The study also found, however, that the share volume transacted in odd lots, i.e., transactions of less than 100 shares, constituted about 78 percent of the transactions and 18 percent of share volume on the offboard market, or about double the corresponding percentages on the NYSE.

The study reports that institutions are the largest customers in the off-board market being responsible for 62 percent of the dollar volume of the third market in 1961.

#### INDIVIDUALS' ROLE SURPRISING

The relatively high percent of trading by individuals in the third market, 38 percent of dollar volume in 1961, is described by the report as surprising.

Off-board trading of listed securities takes place in many ways, according to the study, but the great bulk occurs in over-the-counter markets for listed securities "made" by broker-dealers specializing in such trading and referred to by the study as the "market makers." Some 17 firms were making these markets in 1961, with the largest part of the volume being transacted by only 7 firms.

The study reports that though off-board trading in listed stocks necessarily accounts for some diversion of volume from the primary exchange market, this diversion is relatively low in more than 70 percent of the 272 stocks traded in the third market in 1961. Furthermore, much of the trading is in large-size transactions which might create a temporary imbalance on the exchange so that the diversion may enhance rather than impair depth in the primary market. Also, to the institutional customers of this market, the off-board market has the effect of adding to the depth of market, because it makes available the benefit of the market maker's substantial resources in addition to the trading and resources available on the public market of the exchange.

#### MARKET BENEFICIAL

The third market has been, on balance, beneficial to investors and the public interest. By and large, the competition afforded is substantial and the impairment of depth limited. It declares "that the very existence of this market to satisfy needs not met by the exchange market is indeed affirmation of the inherent strength and viability of a system of free markets."

The study concludes, however, that the acute lack of data concerning this market must be corrected if the market is to be fully understood.

#### REGIONAL EXCHANGES

The regional stock exchanges are the 14 exchanges located outside of New York City. In 1962, a total dollar volume of \$3,750 million was traded through the facilities of these exchanges, representing 6.9 percent of the total dollar volume of securities traded on all American stock exchanges during 1962. It is in the public interest to maintain a strong regional exchange system, the report concludes.

The report points out that there has been an accelerating trend for the regional exchanges to trade stocks listed on the NYSE, as an offset to a continuing and significant loss of their business to the over-the-counter market and to the two major New York exchanges.

Of 1,168 common stocks listed on the NYSE in 1961, about 750 were also traded on one or more of the regionals. The NYSE stocks selected for multiple trading by the regional exchanges tend to be the most active NYSE stocks. However, there is also a tendency for each regional exchange to concentrate on the dual trading of securities of companies in its vicinity.

The report discusses the factors which led to the decline of the regional exchanges as primary markets and observes that the major causes of the shift to multiple markets have included: (1) freedom from controls over issuers in the over-the-counter markets as compared with issuers of listed securities; (2) greater flexibility of trading, "merchandising" and pricing practices in the over-the-counter markets; and (3) improvements in communications accentuating the pull of the New York exchange markets and fostering the growth of the over-the-counter markets.

#### GENERAL CONCLUSIONS

The special study concludes its chapter on the interrelationships of trading markets with recommendations that the commission improve its facilities for the continuous accumulation of data relating to trading markets and that the commission establish a permanent policy and planning unit with the responsibility of accumulating and analyzing data bearing on market patterns and practices.

The growth of multiple trading of NYSE securities raises two competing considerations, according to the report. One is the impairment of the depth of the primary market. On the other hand there are the general public benefits of competition that may be provided by multiple markets.

The study concludes, not that impairment of depth in the primary markets is irrelevant or inconsequential, but that, under present circumstances, the benefits of competition by and large outweigh any detriment attributable to that impairment.

[From the New York Times, July 18, 1963]

#### SEC REPORT—PART II

The second part of the Securities and Exchange Commission's special study of the markets is much more technical than the first. Its new recommendations are also considerably more drastic. William L. Cary, chairman of the SEC, has reiterated that the study should not impair confidence in Wall Street; but many of the proposed reforms involve basic changes in the structure of the securities industry.

In essence, the report calls for higher standards and stricter regulation in practically every area of the marketplace. It is evident that the rules governing the financial community are inadequate to cope with the present mass market. The need to protect the public demands elimination of every last vestige of the days when Wall Street was a closed shop of professional investors and speculators.

There can be no dispute with reforms that safeguard the interests of the public. Nor can there be any excuse for defending outmoded practices simply because they are well entrenched. The financial community cannot maintain privileges without responsibility.

This is the main burden of the report. It calls for stricter supervision of the vast over-the-counter market as well as increased regulation of the exchanges, including restrictions on specialists, short selling and commission business. Its stress on the public interest is also evident in the suggested

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reforms of the "odd lot" business. The study questions whether trading in odd lots (orders of less than 100 shares), which represents the transactions of small investors and comprises a significant amount of business on the listed exchanges, should be more costly than other transactions, now that automation is available.

Its odd lot reforms and its proposal completely to eliminate floor traders are the most controversial of the study's recommendations. The report regards floor traders as an anachronism in the present market. According to its evidence, floor traders are in a privileged position and often accentuate market fluctuations.

These specific recommendations call for further study and debate. The report is primarily motivated by the laudable desire of protecting the public; but the economy—and the public—is best served by a liquid and responsive market which requires a certain degree of speculative activity and a wide variety of competition. On this score there is some question that the study takes full account of what makes the market tick.

The detailed examination of the institutions involved in the trading of securities reveals that neither the listed exchanges nor the vast over-the-counter market, which has been pretty much of a mystery until now, has fully acknowledged its responsibilities. Wall Street has the most to gain from reforms that will strengthen the marketplace. Its responsiveness to the need for change is the key to increasing participation by the public.

[From the New York Herald Tribune, July 18, 1963]

#### THE SEC'S BOMBSHELL

Yesterday's Securities and Exchange Commission report blistered the financial community, which had not expected anything nearly so severe. In essence, it holds that self-policing has not been as effective as it ought to be. It proposes some major tightening, aimed at wiping out the vestiges of what it sees as the "private club" atmosphere of the major securities exchanges, and hitting squarely at some well-established prerogatives.

There is no question but that a number of insiders in the securities business have profited by their knowledge, by being in a position to "feel" the market and to take quick advantage of its movement. But what the regulators have to weigh, primarily, is the effect of the various practices on the over-all functioning of a free securities market. Speculative activity, for example, widens the swings of the market, but also provides much of its vigor.

Back in 1934 a lot of financial men bitterly opposed the Securities Exchange Act, which they saw as a threat to market institutions. But instead of destroying the market it laid the basis for restored public confidence.

It's going to take time for the financial community to weigh in detail the five-volume report, and it's going to take more time to debate its recommendations adequately.

Meanwhile, it's worth bearing in mind SEC Chairman Cary's observation that, though certain "faults and defects" exist, these "do not call for public alarm as to the basic integrity" of the markets. The markets not only have served the public well, but they have made possible the phenomenal growth of American industry. This is no mean achievement. Whatever improvements may ultimately result from the SEC report will be improvements in a mechanism that already functions well.

**MR. JAVITS.** Mr. President, I point out that the study shows we have strong institutions for trading in securities and, on the whole, they are doing their job

well, but there are a few weaknesses, as shown by the study, in trading in over-the-counter accounts and in activities of specialists and traders for their own accounts which will require consideration. Moreover, it must be remembered that the SEC endorses the "general soundness" of this part of the report but has not endorsed specifically each finding or proposal.

I give this pledge to the securities industry: the hearings before the Subcommittee on Securities, of which I am the senior Republican, of the Committee on Banking and Currency on the SEC's recommendations based on the first part of the study report, and the legislation which will be coming to the floor, reflect a remarkable degree of unanimity and a very prudent and balanced point of view on the part of both the industry and the Securities and Exchange Commission.

Chairman Cary, in sending the second segment of the special study report to the Congress, states that the recommendations for a solution to the problems described in this part of the report can be effected without legislation, through the medium of the rule-making power of the SEC, with the exception of controls over operators of "quotation bureaus," which handle price quotations of over-the-counter stocks. The securities industry will have a chance to express its views at hearings which the SEC is required to conduct prior to the adoption of new regulations.

Some legislation may be required. I think I can make the same pledge that should such legislation be introduced, it will be handled temperately, and that all elements of the securities industry, as well as the Securities and Exchange Commission, will have an opportunity to be heard.

I think the Securities and Exchange Commission and the study group have done a fine job. That does not mean I have to agree with everything they have said in part II of the study. The urgent thing is for the securities industry and the Commission to confer upon the special study's recommendations and to give us the full benefit of their thinking.

#### THE CUBAN MENACE TODAY—COMMUNISM'S BASE IN LATIN AMERICA

**MR. DOMINICK.** Mr. President, I am somewhat sorry that the two distinguished gentlemen from Brazil who were here a short time ago are not present to hear this address, because the subject I want to talk about today is Cuba as a Communist base in Latin America, which obviously involves Brazil as well as the other countries in South and Latin America.

In the past few weeks on the floor of the Senate concrete plans have been offered by Senators ALLOTT, CURTIS, and MUNDY for American policy toward liberation of Cuba. These have been constructive, carefully documented proposals designed to assist in the downfall of the Communist regime in Cuba without resort to war or invasion. Unfortunately, several people have asked publicly why we should do any of these things.

They have said "communism will evolve peacefully," or "we cannot create crises for Khrushchev," or "any action is too dangerous and certainly Cuba does not menace the United States." How naive can we get? My purpose today, Mr. President, is to show why Cuba is a menace to us, to this hemisphere, and the degree of that menace. This will be carefully documented and should be a complete answer to the recent administration trial balloons that tensions are easing and that Khrushchev and Castro are at heart nice people interested in maintaining peace and order in the same way as we are.

The President said on September 4, 1962:

It continues to be the policy of the United States that the Castro regime will not be allowed to export its aggressive purposes by force or the threat of force. It will be prevented by whatever means may be necessary from taking action against any part of the Western Hemisphere.

He further declared on September 13, 1962:

If Cuba should ever attempt to export its aggressive purposes by force or the threat of force against any nation in this hemisphere \* \* \* this country will do whatever must be done to protect its own security and that of its allies.

These are the words of the President of the United States, speaking in formal statements on American policy with respect to Cuba on September 4 and 13 of last year. Lest anyone think that President Kennedy changed his tune after passing through the awesome experience of the October missiles crisis, let me quote from his policy statement of November 20:

If Cuba is not used for the export of aggressive Communist purposes, there will be peace in the Caribbean.

Put in plain English, therefore, President Kennedy in those statements warned Castro and his cohorts that there can be no peace in the Caribbean if Cuba is "used for the export of aggressive Communist purposes."

Mr. President, what is the meaning of these somber Presidential declarations of policy? Admittedly, the phrase "export of aggressive Communist purposes" is somewhat vague, as diplomatic language characteristically is. But the meaning of these warnings seem to have been clarified by the distinguished Secretary of State, Mr. Rusk, a man whose discretion and tact are the hallmarks of his performance as this Nation's chief diplomat.

Listen to what he said, Mr. President:

It has been made very clear that the Armed Forces of the hemisphere, including our own, are made available to insure that arms that are now in Cuba not be used outside of Cuba, either in terms of organized effort or through piecemeal infiltration of those arms into other countries of the hemisphere.

And again he said:

President Kennedy has made it utterly clear \* \* \* that we would not permit any arms that are in Cuba to be used outside of Cuba \* \* \* that if an attempt were made to launch forays against any other countries, that those would meet the armed forces of the hemisphere, including those of the United States.

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These statements, made in March of this year are even stronger than those made earlier by President Kennedy.

One would have thought, on the basis of such warnings as I have just quoted from the two key people in this country, who hold responsible positions, that Castro and his cohorts might have read the message loud and clear, the United States will take all steps necessary to prevent them from engaging in forcible and violent attempts to overthrow the non-Communist governments of Latin American countries. I would have supposed that Castro might have been deterred by these ringing declarations, threatening the use of the awesome power of the United States to enforce their intent.

Well, Mr. President, what has been happening since these warnings were uttered?

Item: On June 5, after first notifying a Caracas newspaper that they would attack the U.S. military mission building, a gang of eight gunman from the Armed Forces of National Liberation, or FALN, the Venezuelan Communist terrorist organization, invaded our mission at pistol point, overpowered four Venezuelan guards, forced six U.S. Army officers to strip, and stole their uniforms and sidearms. They then set fire to the building and left, chanting, "Down with Yanqui imperialism! Cuba, si! Yanquis, no!" after trampling and burning an American flag. Two days later, Havana's CMQ radio hailed the attackers as "patriots." Here is a clear example of the export from Cuba of "aggressive Communist purposes"—if these words really mean anything. What did we do to redress this humiliating attack on official U.S. representatives and our flag? Nothing. Absolutely nothing.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. DOMINICK. I am glad to yield to the Senator from Nebraska.

Mr. CURTIS. I commend the distinguished Senator from Colorado for what he is saying today. His statement continues with well documented facts. He has rendered outstanding public service. It seems to me that one of the great tragedies of the time would be to have the United States officially follow a policy which pretended that the Cuban problem, the Communist problem on our doorstep, did not exist.

The Senator has given time and effort and devoted his great talent to bringing not only to this body, but also to the country, every reason to repudiate such an idea. If our Government follows a policy of paying no attention to communism on our doorstep—and it matters not what the reason is, whether it is deliberate, or whether it is due to the greater amount of emphasis given to other problems, or whether it is goaded into such a procedure by Communist irritations around the globe—the fact remains that to have the communism in Cuba problem go without attention would be a great tragedy.

It has sometimes been said that committee hearings and committee reports are fine, but that once they are made they are put on the shelf and forgotten,

unless some researcher or historian digs them out. I come back again to the investigation made by the Subcommittee on Preparedness of the Armed Services Committee, and its clear cut statement on the danger of the Russian Communists in Cuba and what will happen if it is not solved.

I believe that this is one committee report which not only should be required reading, but should be required reading weekly by responsible persons in our Government, until the problem is solved.

I commend the Senator on his statement. I ask unanimous consent that following the remarks of the distinguished Senator from Colorado, and any colloquy that may appear hereafter, I may include in the RECORD an editorial broadcast over WKRC, of the Taft Broadcasting Co. of Cincinnati, Ohio.

The PRESIDING OFFICER. (Mr. BARTLETT in the chair). Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, I thank the Senator from Nebraska. I am glad he brought up the report of the Preparedness Subcommittee, because it is one of the things I will specifically refer to in my remarks. One of the reasons why I have undertaken to make these remarks is to try to detail abundant evidence of the need for the positive action which has been recommended by the Senator from Nebraska, by my distinguished colleague from Colorado [Mr. ALLOTT] and by the Senator from South Dakota [Mr. MUNDT].

I was discussing the items of Communist aggression which have occurred out of Cuba, the export of Communist aggression, since these statements of policy were made, in order to show that we are not, in fact, doing what we said we would do. I have already spoken about the first one, in Venezuela. I should like to take up the next one.

Item: The Minister of Interior of the Colombian Government recently charged that "Peasants' Leagues," similar to the militant Communist groups in northeastern Brazil, are operating in two Provinces of his country and are being financed, armed, and staffed by Castro's Cuba. Does this not constitute a clear case of the export from Cuba of "aggressive Communist purposes?"

Item: Excelsior, a Mexico City newspaper, recently reported the discovery of a cache of arms by a member of the Mexican road patrol in a place located on the Yucatan Peninsula, the part of Mexico nearest Cuba and reportedly a depository for arms shipped clandestinely from Cuba. The account of this incident did not describe its outcome, except to say that the patrolman left the scene when he saw that the cache was guarded by armed men "who spoke Spanish with a Cuban accent." In Washington, D.C., rumors have circulated for some time that similar arms caches have been located by the CIA, but permission to destroy them has been denied by the State Department. Once again we have a clear case of the export of Communist aggression with nothing done about it despite our declarations of policy.

Item: On May 11 in Havana, the National Council of Culture staged cere-

monies at the Roldan Theater publicly lauding Venezuelan communism's insurrectionary arm, the Armed Forces of National Liberation, the FALN. Around the same time in Caracas, FALN terrorists attacked a police post just 600 yards from the Miraflores Palace, which houses the offices of Venezuela's President Betancourt. Two police guards were taken as hostages, and quantities of small arms, including three machineguns, were stolen. Havana radio gleefully reported the incident. This is another clear example of the export from Cuba of "aggressive Communist purposes."

Item: On May 1 at a labor congress in Prague, the Cuban delegate told the assemblage that Cuba was striving primarily "to stimulate support for the people of Venezuela, Colombia, and Nicaragua—with the aim of overthrowing the governments of those countries." A plain, clear statement of intent and action to export from Cuba "aggressive Communist purposes."

Item: On May 20, Communist youths attacked Puerto Maldonado in southeast Peru. Several were arrested by the authorities who subsequently discovered that this attack was part of a Castro-Communist plan to unleash guerrilla warfare, terror, and sabotage upon the area, and to initiate similar operations against Lima, the national capital, and the ancient Inca center of Cuzco. The captured guerrillas were part of a group of 69 young Peruvians who had received 6 months of training in Cuba in guerrilla warfare and related violent activities under the direction of Maj. Ernesto "Che" Guevara, Castro's guerrilla expert. This is further proof of the export from Cuba of "aggressive Communist purposes."

I need not remind Senators that Havana is not alone and unaided in engaging in such acts as I have just enumerated. Listen to this excerpt from a commentary beamed in Spanish to Latin America on June 16 by Radio Moscow:

The presidency of Betancourt recalls the dictatorship of Pérez Jiménez. Is it any wonder that the people have again taken up arms? For the patriots of Venezuela no other course has remained. They have been forced to rise up in defense of the freedoms which had already been won by the people and which President Betancourt has trampled upon.

Not only do the Communists struggle against the police regime of Venezuela. The National Liberation Front created in the country includes the movement of the Revolutionary Left, the Democratic Republic Union, and many progressive organizations. It is natural that the order to arrest all Communists is an additional dictatorial measure against all democratic forces, among them the bourgeois parties of the left of the country.

This is an impudent declaration of war against all Venezuelan people. Betancourt, in defending the interests of Nelson Rockefeller and company, as their loyal bulldog, is leading the country toward open dictatorship. History repeats itself, but it can only repeat itself until the end, and the puppet of the monopolists will have the same fate as his predecessor, who, for crimes against the people, is now passing his days behind bars in jail.

Mr. President, here is an example, of the export, not only from Havana but

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from Moscow as well, of "aggressive Communist purposes."

And so, I return to the warnings uttered by the high command of the Kennedy administration that I quoted earlier. How does one account for the Castro-Communist forces' apparent indifference to these warnings?

I think that a clue to what was really meant by these statements can be derived from an impromptu remark by the President at his news conference on April 24, when he said:

We have made it very clear that we would not permit the movement of troops from Cuba to another country for offensive purposes.

Here is a clear statement by the President, but it alters substantially the meaning seemingly conveyed by the statements I quoted previously. Here, in effect, the President of the United States declared that the United States would not permit a conventional armed attack by Cuba upon any other state in this hemisphere. Here we come to the nub of our difficulties in failing to convince Castro and his cohorts that we are really determined to thwart their offensive to extend Communist powers in this hemisphere. For the problem is not the likelihood of conventional military aggression by Castro's Cuba. No one seriously expects Castro's Cuba to launch a major conventional attack on any other country because he would be slitting his own throat. If anything could goad Uncle Sam into finally waking up to what is going on south of his border, this would be it. So one reluctantly comes to the conclusion that the ringing declarations made by the President and his chief foreign affairs adviser are largely meaningless. Castro guessed it and is acting accordingly.

Our own Senate Committee on Armed Services, in the "Interim Report on the Cuban Military Buildup," issued May 9, 1963, by the Preparedness Investigating Subcommittee, states unequivocally among its findings:

The evidence is overwhelming that Castro is supporting, spurring, aiding, and abetting Communist revolutionary and subversive movements throughout the Western Hemisphere and that such activities present a grave and ominous threat to the peace and security of the Americas.

Mr. President, Cuba is engaged in an extensive and unremitting campaign of forcible and violent subversion aimed at bringing down all non-Communist governments in Latin America. This campaign is being waged by Latin American Communists, supplied and led by Havana, which in turn is receiving advice and material and arms assistance from Moscow and other Communist capitals. The nature and extent of the Castro-Communist offensive is vividly described in a report issued June 4 by a special committee of the Organization of American States, established to recommend measures to all OAS member-states to combat this campaign.

Characterizing the Castro-Communist offensive as "a grave threat to continental unit and democratic institutions," this committee, of which the United States is a member, reported

that "the Communist offensive in America has been intensified even more" during the year and a half since the foreign ministers of the American Republics meeting at Punta del Este officially took notice of the offensive and alerted the peoples of the hemisphere to the dangers it posed. The committee mentioned three factors as accounting for the intensification of the Castro-Communist offensive:

1. The increase in Soviet military power in Cuba;
2. The emplacement of Soviet offensive weapons with nuclear capability in that same country, which precipitated the crisis of October 1962; and
3. The campaign by the Castro regime to inspire armed insurrection in the hemisphere.

Remember, this report was issued on June 4 this year.

With respect to the third point, the committee declared its belief that "the Cuban regime has begun a new phase of promoting and encouraging violent subversion in other countries of the hemisphere." It traced the origins of this new phase to the aftermath of the October missiles crisis when "spokesmen of the Cuban Government began making a series of speeches openly advocating armed insurrection in Latin America as a means of introducing economic and social changes based on the Communist system." Fidel Castro laid down the general line of action in his important speech of January 16, 1963. Other Cuban leaders calling for armed insurrection include Ernesto "Che" Guevara, Minister of Industries; Carlos Rafael Rodriguez, president of the National Institute of Agrarian Reform; Blas Roca, a member of the executive board of the ORI, the Integrated Revolutionary Organizations of the Communist Party; and Armando Hart, Minister of Education.

The OAS special committee declared that the Castro-Communist offensive manifests itself in two forms: first, the bringing of hundreds of Latin Americans to Cuba for indoctrination and training in subversive tactics and techniques; and second, implementing a plan of sabotage, terrorism, and guerrilla action in several Latin American countries, notably Venezuela.

The committee declared itself convinced that "the Castro regime has selected Venezuela as its primary objective," and it quoted the following statement from a speech on January 24 by the old-line Cuban Communist, Blas Roca:

When the people of Venezuela achieve victory, when they gain full independence from imperialism . . . then all America will be inflamed, all America will advance, all America will be freed once and for all from the ominous yoke of Yankee imperialism. If their struggle is a help to us today, their victory will be an even greater help. Then we shall no longer be a solitary island in the Caribbean confronting the Yankee imperialists, but rather we shall have a base of support on the mainland.

One of the most significant conclusions reached by the eight-nation OAS Committee was the following:

Undoubtedly Cuba now constitutes the regional center for subversive action by international communism in America. This

is true not only with regard to the spread of the Communist ideology, but also, and what is more dangerous, because it constitutes a nearby center for training agents of every kind whose function it is to carry on subversion in the countries of the hemisphere.

Mr. President, that report was made by an OAS committee—not by a Senate committee, not by the Senator from Colorado who is speaking, not by the President of the United States, but by a Committee on the eight-nation OAS itself.

Thus, the finger is pointed clearly at Cuba as the staging area for this massive and sustained offensive against the free countries of Latin America.

The Central Intelligence Agency has frankly and unequivocally reported similar circumstances in a statement by its Director, John A. McCone, before the Inter-American Affairs Subcommittee of the House Committee on Foreign Affairs, on February 19 of this year. Mr. President, I ask unanimous consent to have Mr. McCone's statement printed in the RECORD at this point in my remarks; but at the same time, Mr. President, I should like to emphasize certain portions of the statement, because I think them quite important.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The public pronouncements of Cuban leaders, the daily record of events in Latin America, and reports from our intelligence sources within Communist and other left-extremist elements throughout this hemisphere all agree on one salient conclusion: That Fidel Castro is spurring and supporting the efforts of Communists and other revolutionary elements to overthrow and seize control of the governments in Latin America.

Even before the October missile crisis—and with increasing rancor since then—Cuban leaders have been exhorting revolutionary movements to violence and terrorism, and supporting their activities.

Cuban support takes many different forms, but its main thrust is in the supply of the inspiration, the guidance, the training, and the communications and technical assistance that revolutionary groups in Latin America require.

In essence, Castro tells revolutionaries from other Latin American countries: "Come to Cuba; we will pay your way; we will train you in underground organization techniques, in guerrilla warfare, in sabotage, and in terrorism. We will see to it that you get back to your homeland."

"Once you are there, we will keep in touch with you, give you propaganda support, send you propaganda materials for your movement, training aids to expand your guerrilla forces, secret communications methods, and perhaps funds and specialized demolition equipment."

Castro probably also tells them: "If you succeed in establishing something effective by way of a revolutionary movement in your homeland, if your guerrillas come down out of the hills and confront regular armed forces, then we may consider more concrete forms of assistance." So far, it should be noted, none of the movements in South America has reached this final stage. In many ways, Cuba under Castro is the Latin version of the old Comintern, inciting, abetting, and sustaining revolution wherever it will flourish.

We have evidence of more concrete Cuban support. Cuban nationals, for example, took part in the La Oroya disorders in Peru in

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December. We know that some funds move, generally in cash by courier, from Cuba to the revolutionaries in other countries. We know that Cuba furnishes money to buy weapons, and that some guerrilla forces in Peru, for instance, are equipped with Czechoslovak weapons which most probably came from Cuba.

Before going into more detailed evidence of Cuban subversion in Latin America, I should note that Venezuela is apparently No. 1 on Cuba's priority list for revolution. Fidel Castro said so to the recent meeting of Communist front organizations for Latin American women.

"Che" Guevara and Blas Roca both emphasized the outlook for revolution in Venezuela in speeches in January.

We have learned reliably that the Communist Party leadership in Venezuela feels a peaceful solution to the present situation is out of the question.

We also know that in late 1962 Communist guerrilla and terrorist operations in Venezuela were placed under a unified command which coordinates activities with the other militant extremist group in Venezuela, the MIR. The result has been the creation of the FALN, or Armed Forces of National Liberation.

The FALN is currently trying to publicize its existence by such acts as the hijacking of the freighter *Anzoategui*, and by acts of sabotage and indiscriminate shootings. These have also been designed to dissuade President Betancourt from his trip to Washington. In this, of course, they have failed.

I do not wish to minimize the violence in Venezuela. The sabotage is the work of experts, and is being done with advanced types of explosives. The shooting has reached the point in Caracas where it is not safe to go out at night in some sections of the capital. But unless the terrorists should undertake and accomplish the assassination of President Betancourt and other high officials, the present wave of sabotage and indiscriminate shooting is not the sort of activity which would pose a direct threat to the government. The Communists have not demonstrated the ability to stand up to the armed forces, or seize and hold government buildings.

Cuba has given guerrilla training to more nationals from Venezuela than from any other country. Our best estimate now is that more than 200 Venezuelans received such training in 1962.

Many of these are engaged in terrorism in the cities, and others were rounded up and given long prison sentences when they committed themselves prematurely last spring in a countryside where the rural population strongly supports the Betancourt administration.

For the past year Cuban spokesmen have been pushing the line that Cuba provides the example for Latin American revolution, with the implication that nothing more than guidance needs to be exported.

Castro actually sounded the keynotes for Cuban subversion on July 26, 1960; when he said, "We promise to continue making Cuba the example that can convert the Cordillera of the Andes into the Sierra Maestra of the American Continent."

In his speech on January 15, 1963, Castro said that if socialism in Cuba had waited to overturn Batista by peaceful means, Castro would still be in the Sierra Maestra.

Since the October missile crisis, "Che" Guevara and Education Minister Armando Hart, both in public speeches and in remarks to visiting Communists, have been insisting that what they call socialism can achieve power in Latin America only by force.

The Cuban effort at present is far more serious than the hastily organized and ill-conceived raids that the bearded veterans of the Sierra Maestra led into such Central

American countries as Panama, Haiti, Nicaragua, and the Dominican Republic during the first 8 or 9 months Castro was in power.

Today the Cuban effort is far more sophisticated, more covert, and more deadly. In its professional tradecraft, it shows guidance and training by experienced Communist advisers from the Soviet bloc, including veteran Spanish Communists.

The ideas move fairly openly in a massive propaganda effort. The inflammatory broadcasts from Havana and the work of Prensa Latina are matters of public record I do not need to go into. It might be worth noting that the postal and customs authorities in Panama are destroying on the average of 12 tons a month of Cuban propaganda coming into their lands. Another 10 tons a month comes into Costa Rica, and most of it is spotted either at the airport or in the post office and destroyed.

The know-how is not only imparted to the guerrilla trainees who come to Cuba, but is exported in the form of booklets. There are thousands of copies of the texts on guerrilla warfare by Mao Tse-tung and by "Che" Guevara scattered over all of Latin America. There is also a little pocket booklet, about 2½ by 4 inches, called "150 Questions on Guerrilla Warfare," written by a Spanish civil war veteran, Alberto Bayo. This was apparently printed in Cuba, and turned up first in Peru.

Another version, with 100 questions and answers, based on Guevara's and Bayo's books, has been written especially for Peruvian use, and mimeographed in Peru. This is about 5 by 8, and includes drawings on how to place demolition charges, and charts for calculating the force of various explosives. There is a Portuguese text of Guevara's book in Brazil, and a mimeographed abridgment of Bayo's 150 questions prepared by a terrorist-guerrilla organization in Colombia.

All of these textbooks stress that the guerrilla must be self-sustaining. They not only tell him how to make Molotov cocktails, explosives, and incendiary preparations from materials that he can obtain easily and sometimes even openly at home; they stress that his weapons, his equipment, and supplies should come from the enemy; that is, from the security forces in his homeland.

At least 1,000 to 1,500 persons came to Cuba during 1962, from all the other Latin American countries with the possible exception of Uruguay, to receive ideological indoctrination or guerrilla warfare training or both. More have gone in 1963 despite the limited facilities for reaching Cuba at present.

The largest contingents have come from Venezuela, Peru, Ecuador, Argentina, and Bolivia.

Some of the courses are as short as 4 weeks, designed to let it appear that the trainees had merely attended some conference or celebration and done a little sightseeing.

Other courses last as long as a year, and may include intensive training in such things as sabotage, espionage, or psychological warfare.

The Cubans go to great lengths to conceal the movements of trainees. The Cuban Embassy in Mexico City gives the trainee a visa on a separate piece of paper, so that his passport, when he goes home, will only show that he has been in Mexico.

In other cases, particularly in the case of travel through Montevideo before the quarantine, the Cubans have furnished passports under other names for travel by way of Curacao.

However, in the case of Peru, for instance, we come up with a list of 235 names of individuals known to have made extended stays in Cuba in 1961 and 1962.

Some of the trainees arrive, and many go home, by way of the Iron Curtain and Western Europe, using Soviet, Czech, or Cuban aircraft and probably on ships as well for the trip between Cuba and the bloc. This is another attempt to conceal their movements, and in some cases permits further indoctrination and training in bloc countries.

We believe that the scope and volume of this training is being stepped up, just as we know that it increased in 1962 over 1961.

The basic training covers cross-country movement of guerrillas, firing, care of weapons, and general guerrilla tactics.

Some of the trainees remain indefinitely. The Cubans sometimes refer to these men as their "international brigade." Sometimes they are formed into national units from a particular country, in effect forming a packaged cadre which can be returned to the homeland at the appropriate time to lead a "liberation army."

One group of trainees was asked to mark bridges and other similar demolition targets on detailed maps of their country. These trainees were also required to fill out a lengthy questionnaire on sabotage targets, possibilities for subversion of police, methods for illegal entry and travel, suitable drop zones for air supply, possible points of attack against police, and military posts, and similar information necessary for direct subversion and insurrection.

Three Cuban nationals were involved in the strike violence at La Oroya, Peru, last December, which culminated in some \$4 million worth of damage to the smelter of the American-owned Cerro de Pasco Mining Co.

One of these Cubans has also been directing the armed invasions of big ranches in the Andean highlands by land-hungry Indians. Information of this nature contributed to the decision of the Peruvian junta to crack down on Communists in January.

In Brazil, in fact, the complaint of guerrillas in training camps there was that they had been recruited by a promise of Cuban instructors, but found there were none. This came to light in the Brazilian press when the report of a Cuban intelligence agent, relaying their complaints to Havana, turned up in the wreckage of the Varig airliner which crashed in Peru in November.

With respect to weapons, in general the Cubans are following the textbook for guerrillas in regard to provision of arms. They are telling the guerrilla warfare students and their leaders to obtain their own weapons at home.

One trainee was trained exclusively in the use and maintenance of the Garand M-1 rifle and M-3 submachinegun, and the Browning and Hotchkiss machineguns. His group was told that these were the weapons guerrillas would be able to buy, steal, or capture from the security forces at home.

Other trainees were told that Cuba would not be sending weapons because there was a plentiful source of supply for any determined guerrilla movement in its own homeland.

Leaders of militant groups in Venezuela, Brazil, and Peru who have gone to Cuba seeking assistance have been told by the Cuban leaders that Cuba is willing to furnish funds, training, and technical assistance. Reference to weapons is pointedly omitted.

We have within the past month again reviewed what evidence we have of military shipments from Cuba.

(1) In Peru, radio transmitters were admittedly brought in from Cuba. (In Venezuela so much radio equipment was stolen last fall this was unnecessary.)

(2) In Peru, the guerrilla trainees who were rounded up in the Huampani-Satipo incident last March had been issued kits containing a Czech rifle with a pistol grip, apparently of bloc origin.

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Otherwise, however, in case after case guerrilla hardware turned out to have been bought or stolen locally, or smuggled in from the adjoining country. Latin America has a long tradition of smuggling, a long coastline, innumerable isolated landing fields and drop zones, and inadequate security forces to control all such channels.

In summary, then, we have evidence that in principle Cuba is not sending identifiable quantities of weapons to Latin American insurgents at present. But we have no reason to believe that they will not or cannot do so, when so doing serves their stated purpose of creating uprisings in Latin American countries.

Needless to say, this is a matter that we consider of most serious concern and we intensively trace every rumor that comes to us of the importation of arms from Cuba to Latin American countries.

Cuban financing of subversive operations in Latin America is generally effected by couriers carrying cash. A few examples of these operations are:

A Venezuelan politician, Fabrizio Ojeda, returning from Cuba in March of 1962, was seen by several witnesses to have large quantities of U.S. currency stuffed in a false-bottomed compartment of his suitcase. There is no law against bringing currency into Venezuela, so that authorities could not even determine how much he brought in. Ojeda later was captured, tried, and sentenced to prison for guerrilla activity.

A Nicaraguan exile, Julio Cesar Mayorga Portocarrera, was flying from Mexico to Honduras in September 1961 when weather forced the plane to overfly Honduras and land in Nicaragua. He was found to be carrying \$3,600 in cash, which he admitted he was bringing from Cuba for Nicaraguan rebels in Honduras.

Last April Ecuadorian troops raided a guerrilla training camp in the mountains west of Quito and arrested some 48 members of the URJE (Union of Revolutionary Ecuadorian Youth). The leaders of the group admitted having received guerrilla training in Cuba. They also received Cuban funds to support their activities; one item involving \$44,000 reached the public press.

There are also involved bank transfers by which Cuban money eventually reached Latin American front groups to pay for political and propaganda activity.

The principle that guerrillas must be self-sustaining has obviously been applied to finances as well. Communist guerrillas have staged numerous bank robberies in Venezuela, Peru, and Argentina.

The most spectacular holdup, for instance, was that of a bank in a Lima suburb last year which netted almost \$100,000. From the participants who have been caught we know that the holdup was carried out by a combination of guerrillas and ordinary criminals, who divided the loot 50-50.

Just last week a bank in an outlying Venezuelan town was robbed of \$25,000 by men wearing FALN armbands.

Since the October crisis, Fidel Castro has obviously been trying to straddle the rift between Moscow and Peking over global Communist strategy. As Mr. Martin aptly put it yesterday, Castro's heart is in Peking but his stomach is in Moscow.

This same split between all-out militancy and a more cautious policy—call it coexistence or "two steps forward, one step back"—is reflected on the extreme left in many Latin American countries.

Thus Cuba at present not only seeks to serve two masters, but to choose among rival servants in its Latin American subversions.

Castro's views on what is good for socialism and revolution in Latin America are more in line with those of the Chinese Communists than the Soviets.

Only the Cuban and Venezuelan Communist Parties are totally committed to terror and revolution.

In spite of differences over tactics and timing between various Communist groups, all intend eventually to deliver the Latin American countries into the Communist-Socialist bloc. The so-called Soviet conservative view, as it is now espoused, is more intent on trying to achieve power by legal means if possible and by subversion rather than by force.

Direct Soviet interest in Latin America is clearly increasing. An excellent example of this was the setting up early in 1962 of a Latin American Institute in the Academy of Sciences of the U.S.S.R.

The avowed purpose of this institute is to raise the study of the problems of Latin America, which in their own statements the Soviets claim they have neglected, to the highest possible level.

Teaching of Spanish and Portuguese languages is to be stressed in the institute and throughout the school system.

A list of subjects on which this institute intends to publish shows that it is to be used to attack the Alliance for Progress; it has already attacked the Alliance program in Colombia—a showpiece of the Alliance.

Posters have been placed in some Colombian universities referring to the problems of the "national liberation and workers' movements in Latin American countries" as topics which will be studied by the institute. Results of these studies will be published in the near future in a magazine called America Latina, intended especially for distribution in Latin America.

A pamphlet, apparently to be distributed by the institute, and entitled "Alianza Para el Progreso," will, in the words of its heralds, "unmask the economic expansion of the United States of America" in Latin America.

The institute expects to enter into close contact with the principal Latin American scientists and academicians during 1963.

One of the most important Communist assets in Latin America is a large number of bloc diplomatic and Cuban missions. These missions are used to further Communist subversive activities even in countries where there are no bloc diplomatic missions.

The Soviets and in some cases some satellites as well, have diplomatic missions in Mexico, Brazil, Argentina, and Uruguay. The U.S.S.R. maintains relations with Bolivia but has no resident mission there. Cuba maintains embassies in Mexico, Brazil, Bolivia, Uruguay, and Chile.

The Chinese Communists, of course, have no diplomatic ties in Latin America except with Cuba. That fact alone would make Cuban missions important to the Chinese. Only seven Latin American countries—Chile, the Dominican Republic, Ecuador, El Salvador, Guatemala, Paraguay, and Peru—have no official ties whatever with any bloc country.

Uruguay offers a good example of how the Communist misuse diplomatic missions and the importance the Communists attach to them.

Communist subversive activities in Uruguay are not now aimed at promoting revolutionary activity against the Government. In this case even the Cubans appear to be much more interested in retaining the good will of the government so that they can continue to use the country as a base of operations against Argentina, Paraguay, etc.

Communist diplomatic missions, however, are active in supporting local Communist and other pro-Castro groups to retain enough leverage within the country so as to prevent the anti-Castro groups from forcing a break in relations.

The U.S.S.R., most of the satellites, and Cuba all have diplomatic missions in Montevideo—some 70 or so bloc personnel. In

addition, couriers and travelers can go back and forth between this city and the bloc countries and Cuba at any time.

In conclusion, on the whole, while Cuban-backed subversive pressure is great in all of Latin America, the Cubans have thus far been having only limited success. For example, Cuban attempts to organize a Communist-controlled Latin American labor movement have not yet gotten off the ground, despite the fact that the Cubans have been working at it for more than a year.

In Venezuela, despite the great subversive pressure, President Betancourt seems to be proving that his Government can control these subversive forces. Short of some disaster, there is every likelihood that he will be the first freely elected Venezuelan president in history to complete his term. In Brazil, some moderates were elected to congressional and gubernatorial points last fall.

**Mr. DOMINICK.** Mr. President, I emphasize the following portions of the statement:

The public pronouncements of Cuban leaders, the daily record of events in Latin America, and reports from our intelligence sources within Communist and other left-extremist elements throughout this hemisphere all agree on one salient conclusion: That Fidel Castro is spurring and supporting the efforts of Communists and other revolutionary elements to overthrow and seize control of the governments in Latin America.

Even before the October missile crisis—and with increasing rancor since then—Cuban leaders have been exhorting revolutionary movements to violence and terrorism, and supporting their activities.

Again I quote, after skipping some portions of the statement:

In essence, Castro tells revolutionaries from other Latin American countries: "Come to Cuba; we will pay your way, we will train you in underground organization techniques, in guerrilla warfare, in sabotage and in terrorism. We will see to it that you get back to your homeland for future use."

Here is another portion which I think extremely valuable in trying to analyze what we are facing; and, again, I am quoting from the statement of Mr. McCone, the head of our Central Intelligence Agency, in his official report to the House of Representatives on February 19:

The know-how is not only imparted to the guerrilla trainees who come to Cuba, but is exported in the form of booklets. There are thousands of copies of the texts on guerrilla warfare by Mao Tse-tung and by "Che" Guevara scattered over all of Latin America. There is also a little pocket booklet, about 2½ by 4 inches, called "150 Questions on Guerrilla Warfare," written by a Spanish civil war veteran, Alberto Bayo. This was apparently printed in Cuba, and turned up first in Peru.

All of these textbooks stress that the guerrilla must be self-sustaining. They not only tell him how to make Molotov cocktails, explosives, and incendiary preparations from materials that he can obtain easily and sometimes even openly at home; they stress that his weapons, his equipment, and supplies should come from the enemy; that is, from the security forces in his homeland.

At least 1,000 to 1,500 persons came to Cuba during 1962, from all the other Latin American countries with the possible exception of Uruguay, to receive ideological indoctrination or guerrilla warfare training or both. More have gone in 1963 despite the limited facilities for reaching Cuba at present.

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The largest contingents have come from Venezuela, Peru, Ecuador, Argentina, and Bolivia.

Some of the courses are as short as 4 weeks, designed to let it appear that the trainees had merely attended some conference or celebration and done a little sightseeing.

Other courses last as long as a year, and may include intensive training in such things as sabotage, espionage, or psychological warfare.

Again, part of his evidence in support of his conclusions and his statement:

Three Cuban nationals were involved in the strike violence at La Oroya, Peru, last December, which culminated in some \$4 million worth of damage to the smelter of the American-owned Cerro de Pasco Mining Co.

One of these Cubans has also been directing the armed invasions of big ranches in the Andean highlands by land-hungry Indians. Information of this nature contributed to the decision of the Peruvian junta to crack down on Communists in January.

In Brazil, in fact, the complaint of guerrillas in training camps there was that they had been recruited by a promise of Cuban instructors, but found there were none. This came to light in the Brazilian press when the report of a Cuban intelligence agent, relaying their complaints to Havana, turned up in the wreckage of the Varig airliner which crashed in Peru in November.

I could continue indefinitely to quote from his statement, but all of it will be printed in the RECORD, pursuant to my request.

Mr. President, what is being done by the American Republics, and principally the United States, to thwart this offensive mounted against them by Havana in cahoots with Moscow? Obviously, we are not going to allow a direct conventional attack on any country by Cuba; but, as I already pointed out, no one seriously worries about such an attack. What measures, then, are being taken to defeat the Communists in the subterranean war that is being fought in the streets, in the fields, on university campuses, and elsewhere by small bands of highly dedicated and well-trained Communists?

Admittedly, the United States has a policy. In the first place, according to the President and other administration spokesmen, we are trying to persuade all members of the OAS to adopt strict and uniform measures to sever all diplomatic and commercial contacts with Cuba and to curb and control the movement of Castro-Communist personnel, propaganda, and arms throughout the hemisphere and between each country and Cuba. In addition, we are told, elements of the Armed Forces of the United States are conducting an intensive surveillance of the Caribbean to detect and prevent clandestine movements of arms and persons from Cuba to neighboring countries. Personally, I share the skepticism of the Senator from Kentucky [Mr. MORTON] voiced in his excellent statement in this Chamber on June 13, about the effectiveness of this imposing assignment given to our fleet and air units, especially in light of periodic reports of such clandestine movements that we are pledged to prevent. The difficulties involved in preventing any such movements from an island the size of Cuba can be seen in reverse perspective by the

refugees who have conducted attacks on Cuban territory, or even more dramatically by the inability of the East Germans and Russians to prevent escapes from East Berlin.

As the President pointed out in his news conference of March 6, the control of the movement of persons to and from Cuba "is an action which must be taken by each of the countries in Latin America." He said, further:

This is the kind of thing which each country finally has to do itself, because it is part of the element of sovereignty that the control of movement is within the country of citizenship.

Thus, as the President indicated, the effectiveness of more stringent control measures is predicated upon their implementation and enforcement by all member states of the OAS, and particularly all Latin American states.

Now, Mr. President, what are the prospects for success in this endeavor? Not very encouraging, in my opinion. The President's hopes for the adoption of strengthened internal security measures by all OAS member states appear to have been frustrated. The report of the special OAS committee, from which I have been quoting, notes that "the nature, degree, and effectiveness of the control measures" designed to curb the flow of Communist arms, personnel, and propaganda "vary from country to country." Since the release of this report, over a month ago, a further blow has been dealt to President Kennedy's hopes for mutual cooperation among all OAS member states on this urgent problem.

On July 4, the Council of the OAS, meeting in Washington, D.C., to consider the recommendations made by the special eight-nation OAS Committee in its report, displayed a serious lack of consensus or concert on these recommendations. While 14 members of the OAS Council voted for the recommendations, which is great, 1—Chile—voted against, and 4 abstained. The abstentions consisted of Mexico and Brazil—two of the largest countries in America and sites of considerable Communist activity—Haiti, and ironically, Venezuela, the No. 1 target of the Castro-Communist insurrectionary offensive also abstained.

Why this dissension within the OAS? Some observers attribute it to a distaste for harsh police measures which, it is feared, would abridge civil liberties. I wish I could be charitable. In my opinion, Mr. President, this dissension is a direct reflection of the lack of effective leadership by the United States. Although the President has expressed his hopes for stronger internal security measures by all OAS member states, he has not conveyed any real sense of urgency nor has he put any teeth in his expressions. In fact, Mr. President, despite the Department of State's denials, our Government has apparently told its OAS allies that it has decided to shelve some strong measures it had previously contemplated on the grounds that Castro has put the damper on some of his propaganda and subversive activities in recent months with the alleged result that tensions in the Caribbean have eased.

This is fantastic, Mr. President. The barbudo—the bearded one—looks North and smiles at us, and we heave a great

sigh of relief. Hard as it is to believe, Mr. President, this appears to be the case.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. BENNETT. I wonder if we are not going through the same experience in Moscow now. Mr. Khrushchev smiles at us, and we feel that all of our problems are solved. I wonder if we are not being given the same treatment, and that if in order not to take the smile off of Mr. Khrushchev's face we are very careful not to do anything that would upset the bearded one, and if under that situation we are not gradually putting ourselves into a position in which it will be more and more difficult for us to do anything to help our Latin American friends.

Mr. DOMINICK. I am delighted that the distinguished Senator from Utah brought out that point. That is exactly the situation. His point is highly pertinent to the subject. I was so irritated the other day in seeing a picture of our own special ambassador sitting and apparently having a series of good jokes with Mr. Khrushchev in Moscow that I almost decided I would try to rewrite my address and talk about what a complete terrorist Mr. Khrushchev has been during his lifetime of power.

I appreciate the contribution of the Senator from Utah very much. He has described a part of the problem we are facing.

The administration, which desperately appears to look for any sign of Communist friendliness, has fallen for the co-existence line emanating from Havana. In this connection, Mr. President, I call my colleagues' attention to a dispatch appearing in the July 5 edition of the New York Times, entitled "United States Discards Plan on OAS Embargo Against Cuba Trade," which I ask unanimous consent to have printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

UNITED STATES DISCARDS PLAN ON OAS  
EMBARGO AGAINST CUBA TRADE  
(By Henry Raymont)

WASHINGTON, JULY 4.—The Kennedy administration has abandoned plans to ask the Organization of American States to declare an economic embargo against Cuba.

This is the policy at least for the time being while the State Department searches for ways to press for the political isolation of Cuba and for a sharper fight against Communist subversion of the hemisphere.

U.S. officials said 2 months ago that a request for an OAS trade ban on Cuba was "under active consideration" and would be submitted "within the next few weeks." These officials now believe such a ban would serve no useful purpose.

They also believe that no new measures will be taken against non-Communist ships carrying cargoes to Cuba, even though this traffic has increased in recent months.

LATIN OPPOSITION NOTED

According to diplomatic quarters, one reason for the apparent shift in U.S. plans is the growing opposition of some important Latin American countries to Washington's policy in the Organization of American States.

Diplomats from those countries believe that some U.S. requests for action against

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Cuba were designed primarily for their political and psychological effect and to ward off domestic critics of the Kennedy administration.

That the mood of the Latin American governments for new measures against Cuba is far from unanimous was emphasized yesterday. The OAS Council was divided on a series of recommendations urging member countries to curb travel to the island and to establish closer security ties in the hemisphere.

While 14 countries voted in favor of the recommendations, Brazil, Mexico, Venezuela and Haiti abstained. Chile opposed the proposals on the ground that they threatened to establish "police practices" that would violate civil rights.

One U.S. official said today that demands for action in the economic field at this time could create difficulties within the inter-American alliance far greater than the harm they would inflict on Premier Fidel Castro's government.

#### TRADE IS NOW MINIMAL

Trade between the Latin-American nations and Cuba is minimal. It is largely reduced to shipments of Chilean garlic and beans in return for sugar. The administration believed, however, that a ban on all trade would have dramatized Latin America's repudiation of the Cuban regime and heightened the island's sense of isolation.

An embargo on arms shipments to Cuba was adopted by the hemisphere foreign ministers' conference at Punta Del Este, Uruguay, in January, 1962. The conference also excluded Cuba from the activities of the inter-American system because of her ties to International Communism.

Some Latin American diplomats link the decision not to press for a trade embargo to the administration's appraisal of Dr. Castro's recent efforts to reduce tensions in his relations with the United States and a change in the atmosphere of Washington's relations with Moscow.

State Department officials insist, however, that there has been no change in the policy to hasten the overthrow of Dr. Castro by all means short of war. They also concede that his fall is not in sight.

#### RADIO SOFTENS ITS TONE

U.S. officials who have been analyzing Dr. Castro's offers to normalize relations believe they are motivated by a genuine desire to relieve external pressures on his regime at a time when it must concentrate on solving pressing economic difficulties.

They point out that Havana radio's recent broadcasts to the United States and Latin America have shown less aggressiveness.

Similar observations were made by Latin-American diplomats who recently returned from Cuba. They said that Dr. Castro had personally assured the Governments of Brazil and Mexico that he would abandon his campaign to subvert the Latin American nations.

These assurances, they said, stemmed from Dr. Castro's belief that foreign pressures against him had decreased. The diplomats also said Dr. Castro felt that his government had consolidated itself internally.

Dr. Castro was also reported to have been releasing a growing number of political prisoners in an effort to dispel the impression abroad that the island was governed by police terror.

Diplomatic informants said that an appraisal of the changing situation in Cuba was given to the OAS Council at a secret session June 28 by U. Alexis Johnson, Deputy Under Secretary of State for Political Affairs.

According to these informants, Mr. Johnson said that there had been a "definite decrease of tensions" in United States-Cuban relations. He said Cuba no longer constituted a military threat to the hemisphere.

This assessment was felt by some Latin-American officials to differ widely from the report discussed yesterday by the Council. It suggested that Soviet and Cuban attempts at subversion were increasing.

This report was prepared by a special eight-nation committee headed by Ambassador Juan Bautista de Lavalle of Peru. It recommended that the hemisphere nations curb travel to Cuba, increase vigilance over Communist-bloc diplomats and establish closer cooperation among security agencies.

A U.S. official said the discrepancy between the two reports might have been due to the fact that the report discussed yesterday was compiled in January and that "there may have been some new developments since then."

Mr. Johnson was also said to have told members of the Organization of American States of a "marked increase" in shipment to Cuba, mainly involving vessels from Britain, Greece, Lebanon and Norway.

Mr. Johnson was quoted as having said that this increase was "discouraging" but that new action against the shippers would be "ineffectual" because none of the vessels were known to have touched U.S. ports. Under present regulations, a vessel carrying goods to Cuba is barred from loading U.S. Government cargo.

The Maritime Administration, in a report issued today, showed that 37 non-Communist-bloc vessels arrived in Cuba in April, 40 in May and 21 up to June 28. In January, only 12 vessels made the trip.

Mr. DOMINICK. In addition, recently in the July 22 edition of U.S. News & World Report there was published a direct quotation from an article which bears on what the Senator from Utah was saying. The quotation is from an article entitled "Is a U.S. Deal With Russia Near?" On page 28 of the magazine there is the following quotation on Cuba:

The United States for its part is not going to make strong demands about getting all the Russians out of Cuba. The existence of Castro and the presence of Russians in Cuba are not welcomed by Mr. Kennedy, but are being accepted as facts of life. Cuba in other words, is not likely to upset a deal, provided Khrushchev keeps Russian action in the island within bounds.

I say to the senior Senator from Utah [Mr. BENNETT] and to all Senators that that is a typical example of the accommodation with a most gripping and terrible menace our world has ever faced.

Unless we point out the danger clearly in this country and take effective leadership against it, we will slowly but surely be nibbled to death as we continue in this overall war of attrition with the Communists.

Mr. President, it should be self-evident from what I have said that the OAS cannot agree on stronger measures to combat the Castro-Communist offensive. It seems clear to me that it would do so if the United States were willing to show some urgency and back that up with warnings of suspension of American economic and other assistance pending a more favorable response to our wishes. But, Mr. President, this administration apparently is not willing to exercise such leadership. Rather, it appears willing to invoke the dissension within OAS as an excuse for not taking the lead.

It seems clear that, at the very least, considerable time will pass before desirable and necessary control measures

can be put into effect by all the non-Communist states in Latin America. Meanwhile, insurrection will continue, and if the past few months offer any guide, it is likely to intensify. But we cannot afford a significant lapse of time. The challenge posed by the intensified Communist campaign of subversion is immediate and urgent.

Where does this leave us now, Mr. President? In the absence of a determined effort to defeat the Communist campaign of subversion, we are falling back on the Alliance for Progress. In fact, we are told, this is the program that ultimately will turn the tide in our favor—provided, I hasten to add, that the Communists throughout Latin America cease their disruptive activities, roll over, and play dead. This contention, that only the economic and social development of Latin America can defeat this campaign, is based on a number of questionable premises. These premises are myths to me, and it is to these myths that I now turn.

Throughout the continuing controversy over U.S. policy with respect to Cuba—most recently, right here on the floor of the Senate—facts have too often been submerged in a flood of myths. And some myths die hard. I would not want to conclude my remarks today without countering one such long-lived myth—and one with special relevance to the question of effective action to thwart the Communist offensive in this hemisphere against free and self-governing nations.

There is nothing mythical about this offensive, as I have already demonstrated. It is underway, no-holds-barred so far as the Communists are concerned. They are grimly determined to bury all free nations in this hemisphere by every possible means. The peril is clear and the danger present.

Nor is there anything mythical about Castro's Cuba—the territorial and ideological base of this massive Communist thrust. I have offered abundant documentation of this fact as well, documentation that can be neither wished nor winked out of existence. To blunt the Communist offensive, there is one utterly indispensable first step: this advance base of world communism must be eliminated. Cuba must once more rejoin the community of free nations.

Let us have no delusions on that score—unpleasant as the facts may be.

But then the question arises: what is the raw material on which this offensive feeds? Why should the Republics of this hemisphere provide such ready targets for the appeals of communism? What are the vulnerabilities open to Communist exploitation? Why, specifically, did Cuba fall prey to the Castro dictatorship?

And here is where the myths begin to take over from hard facts. And here are the premises on which our policy of procrastination is based. As a case in point, I cite the following remarks by the Senator from Idaho [Mr. CHURCH], delivered in this Chamber on June 17, when my senior colleague [Mr. ALLOTTI] proposed that a provisional Government of Free Cuba be spurred into formation, to spearhead ultimate Cuban liberation. This is

what was said by the Senator from Idaho [Mr. CHURCH].

I wish to make it very clear that I called the Senator from Idaho [Mr. CHURCH] before I came to the floor, to tell him I was going to make these remarks. I quote what the Senator from Idaho said:

I am sure that had it not been for the dissatisfaction of the peons in Cuba, who worked on the great sugar plantations, it would never have been possible for Castro to have achieved the popular support—the grassroots support—that enabled him to overthrow Batista.

Let us examine this flat assertion of "fact" opinion—and identify the myths hidden away in it.

**Myth No. 1:** That pre-Castro Cuba was a nation of oppressed and impoverished peasants, on the brink of mass discontent and latent revolt. Now, this is a beguiling notion—but it simply is not true. Pre-Castro Cuba was no paradise, no promised land of social and economic democracy, but neither was it a sink of poverty and mass misery. Indeed, it was not even a rural-based country; nearly 60 percent of the population lived in the towns and cities. Its per capita income ranked fourth among all Latin American countries—much higher, for example, than that of postwar Japan and about on a par with postwar Italy. In the words of a leading Cuban Communist—a Communist source, let me stress:

In reality, Cuba was not one of the countries with the lowest standard of living of the masses in America but, on the contrary, one of those with the highest.

And, as a recognized American authority on this subject, Theodore Draper, has concluded:

Cuba was one of the most middleclass countries in Latin America.

**Mr. BENNETT.** Mr. President, will the Senator yield?

**Mr. DOMINICK.** I am delighted to yield.

**Mr. BENNETT.** The last statement, that Cuba was one of the leading middle-class countries in Latin America, may hold the key to the reason why the Communists chose to attack it, because one of the functions of the Communist revolution is to destroy the middle class. I think this may be a very significant factor in the situation.

**Mr. DOMINICK.** I agree with the Senator from Utah. There is no doubt that one of the main aims of communism is to knock out all middle-class personnel and the economic system we have built up from the economic bases of this country.

There is another myth hidden away in the statement made by the Senator from Idaho [Mr. CHURCH].

**Myth No. 2:** That the Castro revolution depended upon an outpouring of grassroots support—and specifically, peasant support. Once again, this simply does not square with the facts. The Cuban revolution, led—or rather perverted—by Castro, was essentially a middle-class revolution, sparked and manned by students, by young professionals, and by artisans and urban workers, and taken over by Communists from

within. Quoting again from Theodore Draper:

The peasantry never had in its hands any of the levers of command of the revolution, before or after the victory. The revolution was made and always controlled by declassed sons and daughters of the middle class.

It was apparent that the people who wished to overthrow the fascist dictator type, Batista, were used as a part of the Communist machinations to destroy themselves.

**Mr. BENNETT.** Mr. President, will the Senator yield?

**Mr. DOMINICK.** I am glad to yield.

**Mr. BENNETT.** Did Castro come from the peasant class?

**Mr. DOMINICK.** He did not.

**Mr. BENNETT.** Was he a doctor of laws?

**Mr. DOMINICK.** I think the Senator is correct. He was a doctor of laws.

There is no secret about these facts and, at this late date, no room for real disagreement or delusion. Authoritative documentation is readily at hand. I invite the attention of my colleagues in this connection to the first chapter of Theodore Draper's excellent study, "Castro's Revolution: Myths and Realities," published in 1962 by Frederick Praeger.

But both these myths, misleading as they are and however destructive of sober debate, are relatively minor when compared with myth No. 3; and that is that the appeal of communism is primarily economic, and that its road to power is paved with human misery, poverty, illiteracy, and mass discontent. This is the false idea of "stomach" communism. It is, at best, a half-truth—it may help explain the avowed goals of communism, but never, in no single case, its dynamic origins. We have in our hands the clear record of many years of systematic Communist subversion and militant political warfare. And what is incredible is the need still again to have to reiterate the facts and thus blow down the myth.

But the need is urgent because the myth of "stomach" communism is not only enduring; but it is also influential. And influential at the very highest levels of the executive establishment.

It is, I submit, the major premise underlying the Alliance for Progress—which, together with other aid programs, the administration has so vastly and so dangerously oversold as the panacea for all the ills that now beset the free world, and, in particular, the third world of underdeveloped nations. Such progress of mutual development—assuming they are ever effectively implemented—hold out great long-term hope for basic economic growth and stability. But they must follow tougher and more urgent problems. They must supplement rather than supplant efforts to obtain our immediate goals: not only the removal of the Soviet presence from this hemisphere but also the liberation of Cuba from Communist tyranny.

It is the myth of "stomach" communism that beguiles us into believing that to counteract subversion, humanitarian sympathy will do the job; that wiping out illiteracy is the same as cutting off

systematic infiltration by trained cadres of the Communist underground; that to eradicate poverty is to block Communist penetration into every free republic in this hemisphere. It is the myth, in brief, that half-measures can blunt the thrust of world Communist aggression. It is the illusion that massive expenditures can substitute for a militant will to win. It is, I suggest, an invitation to disaster.

And yet, Mr. President, it may easily be that it is this same type of myth disaster that this administration appears to be courting. On July 9, during the colloquy that followed the brilliant speech by my senior colleague [Mr. ALLOTT], I called attention to an Allen-Scott report which alleged that the administration was contemplating a major shift in policy toward Cuba whereby, in return for the withdrawal of Soviet troops from Cuba at a later date, the United States would gradually resume diplomatic and commercial relations with the Castro regime. The text of that report is on pages 11596 and 11597 of the July 9 edition of the RECORD.

I commented at the time that we should have a clear, unequivocal answer as to the veracity of this report, and I was joined in that view by the distinguished Senator from Iowa [Mr. HICKENLOOPER] who is the ranking minority member of the Committee on Foreign Relations.

Mr. President, I ask unanimous consent that that article be reprinted in the RECORD at this point.

There being no objection, the article is ordered to be printed in the RECORD, as follows:

[From the Colorado Springs (Colo.) Gazette Telegraph, July 1, 1963]

#### SHIFT IN U.S. POLICY ON CASTRO

WASHINGTON.—President Kennedy is deliberating a gradual shift in U.S. policy toward Dictator Fidel Castro's Communist regime in Cuba.

For more than a month, the President and his top foreign policy advisers have been discussing a plan under which the United States would resume contact with Castro on both an informal and formal basis.

Under this backstage scheme, New York Attorney James Donovan, who negotiated the \$53 million ransom of the ill-fated Bay of Pigs invasion prisoners, would fly to Havana and Moscow to seek the withdrawal of all Soviet combat forces from Cuba.

In exchange for their removal, the United States would agree to a step-by-step normalization of diplomatic and trade relations with the Red-ruled Castro dictatorship over a 2-year period.

As a first step, the United States would reopen its Embassy in Havana by sending a Chargé d'Affaires there. At present the Swiss Ambassador is handling U.S. affairs.

An exchange of Ambassadors and lifting of the trade embargo against Castro would follow after sufficient time had elapsed to make such a drastic readjustment palatable to the people and Congress.

This far-reaching shift in Cuban relations is part of President Kennedy's policy of seeking accommodations with Russia and its satellite bloc for the avowed purpose of reducing the risk of nuclear war by moderating tensions.

White House insiders say the proposed switch in Cuba policy fits squarely with strategy enunciated recently by the Presi-

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dent in a speech that "any plan of action in the Caribbean has to take into account conditions and potential developments between the United States and the U.S.S.R."

**THE NEGOTIATOR**

The President favors 47-year-old Donovan for this highly explosive diplomatic mission for two reasons: his acceptability to Castro and Khrushchev, and his close ties with key administration officials, notably Attorney General Robert Kennedy.

After Donovan arranged the swap of Soviet Spy Abel for U-2 Pilot Francis Gary Powers, the President wrote him, "The type of negotiations you undertook, where diplomatic channels had been unavailing, is unique, and you conducted it with the greatest skill and courage."

Castro's enthusiasm for Donovan is about on a par with that of the President. In feelers through diplomatic channels to the State Department, the Cuban dictator has indicated he would accept Donovan as negotiator. Words to that effect have been conveyed on three separate occasions—March 8, May 12, and May 19.

A decision on this momentous scheme will not be made until after the President returns from his European trip.

By that time the White House staff hopes to know whether the House Foreign Affairs Committee will undertake an inquiry into Donovan's previous Cuban negotiations. Republican committeemen are vigorously pressing for such an investigation. They have strongly urged it in a joint letter to Representative THOMAS MORGAN, Democrat, of Pennsylvania, chairman.

**CUBAN FLASHES**

Richard Goodwin, freewheeling Executive Secretary of the International Peace Corps, is still on the State Department's payroll. The House Appropriations Committee has ascertained that Goodwin is drawing \$19,656 as Assistant Secretary of State for Inter-American Affairs, although he left that post more than 4 months ago. Meanwhile, Sterling Cotrell, who replaced Goodwin, is being paid by the Bureau of Far Eastern Affairs. The House committee began checking Goodwin's pay as Congress voted down his request for \$80,000 to set up the new Peace Corps organization. At a meeting with British officials, Arthur Schlesinger Jr., special Assistant to the President, described U.S. policy on Cuba along these lines: The first objective is to clean up our own backyard in Central and South America by vigorous implementation of the Alliance for Progress. The second objective is to bring isolated Cuba back into the Organization of American States as a chastened, cooperating member. (Nice tricks, if they can be pulled off.)

Intelligence reports that around 100,000 Cubans are in Castro's jails for refusing to accept communism. Also that some 250,000 Cubans have fled, and another 180,000 are awaiting approval and transportation to leave. Senator JOHN STENNIS' Armed Services Preparedness Subcommittee is preparing a new report on Castro-Communist subversion, sabotage, and guerrilla warfare against Latin American countries. The report, slated for release next month, will warn that Castro has ordered an increase in these operations.

Although Castro has loudly proclaimed fealty and devotion to Russia, a so-called Cuban "scientific delegation," headed by a Capt. Antonio Nunez Jiminez, is en route to Red China, ostensibly for "study and observation" purposes. Beer bottles have become so scarce in Communist Cuba that the output of beer has been seriously affected. Apparently there is no lack of beer, but there aren't enough bottles to hold it. In an effort to overcome this shortage, the "Revolutionary Taxicab Drivers Association" of Santiago has pledged to collect beer bottles free of charge. Presumably the cab drivers will

devote their spare time to rounding up empty bottles. Russia, whose agriculture is notoriously in difficulty, is sending around 100 so-called farm "specialists" to help Cuba with its mounting agricultural headaches—a clear-cut instance of the incompetent aiding the inadequate.

**MR. DOMINICK.** Mr. President, I reiterate my call for an answer now. Just what is the role of James Donovan in our sub rosa contacts with the Castro regime? Is there any foundation to the report of the administration's major policy shift? These questions demand and deserve clear, authoritative, and immediate answers.

Cuba will never be liberated by a program of long-term investment in the economic development of Latin America. There has never been any country, once taken over by Communist aggression, which has ever been freed without outside assistance. As a supplementary and supporting measure, yes; but first must come the liberation of that oppressed land from the grip of Communist tyranny. And until the day of Cuban liberation, the Communist offensive in this hemisphere will move forward—implacably and with mounting peril to hemispheric and U.S. security.

Toward the goal of Cuban liberation, the proposal put forward by my distinguished senior colleague [Mr. ALLOTT] is a major contribution. I commend him for his bold initiative and for his tough-minded penetration to the real target. I add my appeal to his: Let us debate this proposal and consider it on its merits. Let us also debate the proposals of the Senator from Nebraska [Mr. CURTIS] and the Senator from South Dakota [Mr. MUNDT]. If the administration has a better plan of action, well and good. But in either case, let us get on with the urgent business at hand—to translate the hardened will of the American people into effective action. And to do it before the inter-American defense system becomes the graveyard of free world security.

Let us implement the President's statement that we will do whatever is necessary to prevent the export of Communist aggression. Heaven knows we are not doing it now, and we need to take action. Everyone knows there is only one way to do this—restoration of a free Cuba.

**MR. ALLOTT.** Mr. President, will the Senator yield?

**MR. DOMINICK.** I yield to my distinguished colleague.

**MR. ALLOTT.** I read to the Senator the President's statement:

It continues to be the policy of the United States that the Castro regime will not be allowed to export its aggressive purposes by force or the threat of force. It will be prevented by whatever means may be necessary from taking action against any part of the Western Hemisphere.

Does the Senator interpret that statement as meaning the President believes the present actions of Cuba do not constitute aggressive threats against this country and against this hemisphere?

**MR. DOMINICK.** All I can say is that the lack of action of any kind by us would certainly seem to indicate that the President does not think this is export of Communist aggression. How he can

come to that conclusion I cannot understand. If he does not mean this, he must mean a shift in policy.

**MR. ALLOTT.** My colleague later quoted the President again when he said, in substance, that the armed forces of the hemisphere—and I refer to the quotation used by my colleague—including our own, are made available to insure that arms that are now in Cuba will not be shipped outside Cuba.

Has the Senator any doubt that arms in Cuba, which originated from Czechoslovakia and Russia, are being transported, and that implements of sabotage are now being transported, all over the Latin American part of this whole hemisphere?

**MR. DOMINICK.** There is absolutely no doubt in my mind. I would add to what my distinguished colleague has said that not only arms in conventional terms, physical weapons, but arms from the standpoint of Communist indoctrination, and persons trained in guerrilla warfare, people being brought in and shipped back, methods and promoting revolt, are being exported by Castro as rapidly as he can do it.

**MR. ALLOTT.** The Senator is correct. There is one thing most people have a harder time understanding, and that is the means of subversion that the Senator has emphasized, but there can be no question in anybody's mind that hard arms are being exported throughout the hemisphere.

I have another question, or perhaps two. Can the Senator see any practical difference between the net end effect proposed in the statement of Blas Roca and the net end effect of conventional warfare?

The thought in my mind—and I do not know whether it occurs to my colleague—is that, so far as the net end result in this hemisphere is concerned, such a statement would have exactly the same net end result as would conventional warfare. Is there any question about this in the Senator's mind?

**MR. DOMINICK.** Not only is the Senator's statement absolutely correct, but I would say that such action has the probability of being more aggressive than conventional warfare, because Castro would be beaten in conventional warfare. As long as he can confine it at that level, he will never be beaten.

**MR. ALLOTT.** If he instituted conventional warfare he would immediately arouse the opposition of every country in Latin America, whereas this kind of warfare by attrition, day by day, week by week, and month by month.

I congratulate my distinguished colleague for participating in this continuing debate upon Cuba. So far the administration has seen fit to practically put its head in the sand and ignore the fact of what exists in Cuba.

It seems to me the real contribution of the Senator consists of two parts. The first is calling to the minds of Americans again the hard facts of what we are facing and what exists in Cuba. The second is the diabolical myth of "stomach" communism, which was pointed out so well in the second part of the Senator's speech. He has rendered real service. I hope he will not cease in his efforts to

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call this subject to the attention of the American people.

Mr. DOMINICK. I thank my distinguished colleague.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield to the Senator from Kentucky.

Mr. MORTON. I, too, have been very much impressed by the eloquent argument presented by the junior Senator from Colorado. He has rendered a real service in pointing out the myths that go with the dialogues in connection with Cuba.

It was called to my attention today that the American Maritime Association, through its legislative director, sent a letter to the President on the subject of the rather loose application of our pressures on friendly nations to desist from making their merchant ships available to the Cuban trade. It has summarized it in a press release dated today, Thursday, July 18th. Since it bears on the present discussion, I ask unanimous consent that it may be made a part of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

**NEW YORK.**—The American Maritime Association appealed to President Kennedy today to order new steps to curtail free world shipping to Cuba.

Pointing out that the State Department's efforts to curb allied shipping to Castro have failed, the AMA urged the President to issue new and stronger shipping orders to halt the flow of goods to the Cuban Communists. The association, which represents 40 percent of the American merchant marine, suggested a new order denying U.S. Government-generated aid cargo to all shipowners who use any of their vessels in the Cuban trade regardless of whether they are owned by a parent organization or a subsidiary. The order should also be extended to include the carrying of U.S. aid cargo from foreign ports to other parts of the world, the Association said.

The AMA's views were contained in a letter written by AMA Legislative Director Ray R. Murdock and released today by the Association. The announcement came on the heels of a Government report that 128 free world ships have traded with Cuba since January 1963 when the United States issued orders denying certain American-financed cargoes to ships that have traded with Cuba.

Mr. Murdock said that since January, free world ships have docked at Cuban ports on an average of one per day, and that only two companies have asked to be removed from the Government blacklist since it was instituted last winter. These facts, he said, demonstrate that the State Department's efforts to curb allied shipping to Cuba "must be termed a miserable failure." They also indicate, he said, "that we have been unable to convince those presently engaged in the Cuba trade to cease operation."

Because of the loopholes in the Government's shipping orders, the AMA said, any foreign steamship company that owns more than one vessel is permitted to continue to trade with Cuba and at the same time to carry U.S. Government-financed cargo on other ships.

"A perfect example of this has recently come to light," the association continued. "A British vessel, the *London Statesman*, has reportedly been chartered to carry Public Law 480 grain from the U.S. gulf to Formosa between July 5-15. This vessel is owned by the London and Overseas Freighters, Ltd., a company which has shown a most flagrant

disregard for U.S. policies. This company has chartered 75 percent of its entire shipping capabilities to the Soviet Union, and its vessels make up approximately one-half of the entire British tonnage now engaged in the Cuban trade. London & Overseas Freighters, Ltd., controls the London & Overseas Tankers, Ltd., a firm which has carried more oil to Cuba than any other single company since Castro assumed power. The chartering of the *London Statesman* is just another example of the lack of control exercised by the Department of Agriculture over the chartering practices of foreign trade missions."

The AMA urged President Kennedy to prohibit the owners of ships trading with Cuba from carrying any U.S. Government-financed cargo. It said similar rules should be applied to steamship companies that trade with Communist China, North Vietnam, and North Korea.

Mr. MORTON. Again I commend the Senator for keeping this discussion alive. It is certainly one that should be kept before the Congress and the American people, and it is one of the problems that will face our Nation for many days—not that Cuba is a threat to this Nation; but once Latin America goes, we are indeed threatened.

Mr. DOMINICK. I thank the Senator. A part of the purpose of my speech today was to make crystal clear that we may have been beguiled by the so-called missile infiltration into Cuba and the so-called missile takeout, and the people may have been led to believe there is no danger. The danger is more real now, through subversion and infiltration, than it was in October. It is certainly not less.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield to the Senator from Arizona.

Mr. GOLDWATER. I am very glad the distinguished Senator from Colorado has made the point he has just made. I have felt all along that the weaponry, the soldiers, and so forth, in Cuba, do not, in themselves, constitute a military threat to the United States, but communism in Cuba definitely constitutes a threat to the entire hemisphere. I hope the Senator will continue to hammer this point home, because it is quite obvious that the President of the United States does not understand it.

I refer to his press conference of yesterday and to a question and answer in that conference as quoted in the New York Times of this morning. The question was asked:

Mr. President, do you see any indications that the Castro government is seeking a more relaxed relationship with the United States, and, if so, are we prepared to meet them in that?

The President's answer was:

No, I've seen these verbal statements but I see no evidence—and, as I say, I don't—I think the United States has indicated very clearly that we do not accept the existence and cannot coexist in the peaceful sense with a Soviet satellite in the Caribbean.

I ask my friend from Colorado if he feels that we are demonstrating in any way that we cannot coexist with communism in this hemisphere, as the President said.

Mr. DOMINICK. I have seen no evidence of any action whatever to show

our relationship in trying to get rid of the Communist menace. The only thing that we have done, which we did legitimately and well, was the effort last October in getting rid of the missiles and long range bombers from Cuba. That was a real positive statement to Mr. Khrushchev to get out. The Russians got out, as far as they have gotten out since, with long-range bombers and missiles, even though we are not sure of the total effect. There has been nothing done to try to develop a position of leadership which would provide us and all the Latin American countries with the ability to put Cuba back on the side of the free nations. This is what we should be doing, in my opinion.

Mr. GOLDWATER. Again I thank the Senator from Colorado for his continuing effort in this field, and the other Senators on this side of the aisle who have joined with him, to point out to the American people the dangers which exist in Cuba. I am sure that if the American people have to depend on their President for true information on Cuba, they will be waiting a long time, especially when the President has said, "I think the United States has indicated very clearly that we do not accept the existence and cannot coexist in the peaceful sense with a Soviet satellite."

The President is not being honest with the American people and with himself when he continues to hide his head in the sand to the obvious threat to our country and to the whole world.

Mr. DOMINICK. I thank the Senator from Arizona.

During the delivery of Mr. DOMINICK's address, unanimous consent was granted for the inclusion of the following editorial at this point in the RECORD:

#### CUBAN PROVISIONAL GOVERNMENT

Kentucky's Senator TERRUSTON B. MORTON, a familiar figure to all Cincinnatians, is one of a group of Senators who has supported a proposal that this country get moving again on the Cuban problem.

Specifically, these men propose that we encourage the Cuban exiles to form a unit which we could recognize as a provisional government for Cuba. It may come as a surprise to many that we still recognize the Castro government—but that's the fact. All we've done is withdraw our diplomatic representation. By recognizing a new provisional government we would finally withdraw all recognition of Castro.

But the most dramatic part of the plan would be to give this new government a headquarters right on Cuban soil—at our mighty Guantanamo naval base. The effect would be similar to our sheltering the Government of Nationalist China on Formosa, behind the might of our fleet. But, in Cuba, the effect could be far more productive of results. It would provide a rallying point for the Cuban underground, a reason for them to keep up efforts which lately have been dwindling due to the discouragement of a do-nothing U.S. policy. It would serve effective notice on the Soviet that the United States is not kidding about its demands that Soviet troops be pulled out, all of them. It would reassert American leadership in inter-American affairs. Finally, it would achieve exactly the objectives of the Bay of Pigs invasion but without firing a shot. That whole invasion, as Senator Morton has revealed, was planned simply to acquire a beachhead on Cuban soil from which a new government could be recognized. Inevitably, it was felt, the Castro regime

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would crumble under the gathering strength that such a provisional government would gather.

Whether or not this is the best plan it is at least a plan. And until someone can come along with a better one, we hope that the Guantanamo proposal receives full and serious consideration.

#### DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION BILL—CONFERENCE REPORT

Mr. HAYDEN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5279) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1964, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr.

JORDAN of Idaho in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of July 11, 1963, pp. 11787-11788, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. HAYDEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HAYDEN. Mr. President, as this bill passed the Senate it provided for ap-

propriations totaling \$985,693,400 for the agencies and bureaus of the Department of the Interior, exclusive of the Bureau of Reclamation and power marketing agencies, and the various related agencies, including the U.S. Forest Service.

The conference committee bill provides appropriations totaling \$958,456,-500 for the programs and activities of these agencies. This total is under the budget estimates of \$1,028,509,000 by \$70,052,500; over the House bill of \$928,-625,200 by \$29,831,300; and under the Senate bill of \$985,693,400 by \$27,236,900.

I ask unanimous consent to have included in the RECORD, at the conclusion of my remarks, a tabulation setting out the appropriation for the current year, the budget estimate, the House allowance, the Senate allowance, and the conference allowance for each appropriation in the bill.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Item	Appropriations, 1963 (Including Supplemental Appropriation Act, 1963)	Budget estimates, 1964	House allowance	Senate allowance	Conference allowance	Conference allowance compared with—							
						Budget estimate	House allowance	Senate allowance					
<b>TITLE I—DEPARTMENT OF THE INTERIOR</b>													
<b>PUBLIC LAND MANAGEMENT</b>													
<b>BUREAU OF LAND MANAGEMENT</b>													
Management of lands and resources.....	\$44,410,200	\$46,286,000	\$43,292,500	\$44,652,500	\$44,182,500	-\$2,133,500 -700,000	+\$860,000	-\$500,000					
Construction.....	1,000,000	1,000,000	300,000	300,000	300,000								
Public lands development roads and trails (liquidation of contract authorization).....			1,000,000	750,000	750,000								
Oregon and California grant lands (indefinite appropriation of receipts).....	(7,175,000)	(7,325,000)	(7,325,000)	(7,325,000)	(7,325,000)	-240,000	+10,000						
Range improvements (indefinite appropriation of receipts).....	(697,000)	(967,000)	(967,000)	(967,000)	(967,000)								
Total, Bureau of Land Management.....	45,410,200	48,286,000	44,342,500	45,712,500	45,212,500	-3,073,500	+\$870,000	-500,000					
<b>BUREAU OF INDIAN AFFAIRS</b>													
Education and welfare services.....	82,508,400	92,610,000	88,350,000	90,381,500	89,235,250	-3,274,750	+\$85,250	-1,146,250					
Resources management.....	35,500,000	39,402,000	37,229,300	38,147,900	37,691,300	-1,710,700	+\$462,000	-456,000					
Revolving fund for loans.....	4,000,000	2,000,000	2,000,000	2,000,000	2,000,000								
Construction.....	83,775,000	56,200,000	65,500,000	60,448,000	58,300,000	+2,100,000	+2,800,000	-2,148,000					
Road construction (liquidation of contract authorization).....	18,000,000	16,000,000	15,000,000	16,000,000	15,000,000	-1,000,000							
General administrative expenses.....	4,190,950	4,312,000	4,265,000	4,265,000	4,265,000	-47,000							
Menominee educational grants.....		132,000	132,000	132,000	132,000								
Total, Bureau of Indian Affairs, exclusive of tribal funds.....	198,004,350	210,654,000	202,486,300	210,374,400	206,623,550	-4,032,450	+4,137,250	-3,750,850					
Tribal funds (not included in totals of this tabulation).....	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)									
<b>NATIONAL PARK SERVICE</b>													
Management and protection.....	25,383,904	28,816,000	27,008,000	27,375,000	27,124,000	-1,692,000 728,250	+\$56,000 +191,750	-251,000 -191,750					
Maintenance and rehabilitation of physical facilities.....	20,578,480	22,295,000	21,275,000	21,758,500	21,586,750								
Construction.....	45,775,400	42,942,000	32,697,000	36,893,200	32,697,000	-10,245,000							
Construction (liquidation of contract authorization).....	27,000,000	29,000,000	28,000,000	30,100,000	29,000,000								
General administrative expenses.....	2,058,200	2,303,000	2,120,000	2,183,500	2,136,750	-166,250	+16,750	-16,750					
Total, National Park Service.....	120,793,184	125,356,000	111,260,000	118,282,200	112,524,500	-12,831,500	+1,264,500	-5,757,700					
<b>BUREAU OF OUTDOOR RECREATION</b>													
Salaries and expenses.....	1,201,096	2,462,000	1,900,000	1,900,000	1,900,000	-562,000							
<b>OFFICE OF TERRITORIES</b>													
Administration of territories.....	13,706,500	18,819,000	13,000,000	18,000,000	13,000,000	-819,000							
Trust Territory of the Pacific Islands.....	13,800,000	18,000,000	15,000,000	18,000,000	18,000,000								
Total, Office of Territories.....	27,506,500	28,819,000	28,000,000	28,000,000	28,000,000	-819,000							
Total, Public Land Management.....	393,185,300	415,579,000	387,988,800	404,269,100	394,260,550	-21,318,450	+6,271,750	-10,008,550					
<b>MINERAL RESOURCES</b>													
<b>GEOLOGICAL SURVEY</b>													
Surveys, investigations, and research.....	87,943,000	68,015,000	63,700,000	64,808,500	63,700,000	-4,315,000		-1,108,500					

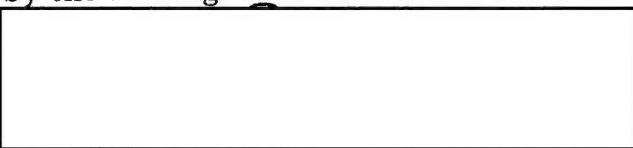
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CENTRAL INTELLIGENCE AGENCY  
OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	DCI	7-19	AK WE
2			
3			
4			
5			
6			
ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	

Remarks: Attached is an excerpt from the Congressional Record of 18 July in which Senator Dominick refers to CIA's having located arms caches in Mexico. He also inserted your statement on Communist subversion in Latin America as released by the Foreign Affairs Committee.



Assistant Legislative Counsel

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FROM: NAME, ADDRESS AND PHONE NO.

DATE

Assistant Legislative Counsel, 7D01 19 July 63

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